

111TH CONGRESS  
1ST SESSION

# H. R. 4352

To amend the Federal Water Pollution Control Act to authorize additional assistance for projects to construct publicly owned treatment works that serve small and disadvantaged communities, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2009

Mr. MCCARTHY of California introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

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## A BILL

To amend the Federal Water Pollution Control Act to authorize additional assistance for projects to construct publicly owned treatment works that serve small and disadvantaged communities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Small and Rural Com-  
5       munities Wastewater Infrastructure Act”.

1 **SEC. 2. PUBLICLY OWNED TREATMENT WORKS SERVING**  
2 **SMALL AND DISADVANTAGED COMMUNITIES.**

3 Title VI of the Federal Water Pollution Control Act  
4 (33 U.S.C. 1381 et seq.) is amended—

5 (1) by redesignating section 607 as section 608;

6 and

7 (2) by inserting after section 606 the following:

8 **“SEC. 607. PUBLICLY OWNED TREATMENT WORKS SERVING**  
9 **SMALL AND DISADVANTAGED COMMUNITIES.**

10 **“(a) ALLOCATION OF FUNDS FOR SMALL TREAT-**  
11 **MENT WORKS.—**

12 **“(1) IN GENERAL.—**Of the funds received by a  
13 State in capitalization grants under this title for a  
14 fiscal year—

15 **“(A)** not less than 5 percent shall be used  
16 to provide assistance to publicly owned treat-  
17 ment works that regularly serve 5,000 or fewer  
18 persons, to the extent that there are sufficient  
19 applications for such assistance;

20 **“(B)** not less than 10 percent shall be used  
21 to provide assistance to publicly owned treat-  
22 ment works that regularly serve between 5,001  
23 and 20,000 persons, to the extent that there  
24 are sufficient applications for such assistance;  
25 and

1           “(C) not less than 15 percent shall be used  
2           to provide assistance to publicly owned treat-  
3           ment works that regularly serve between 20,001  
4           and 50,000 persons, to the extent that there  
5           are sufficient applications for such assistance.

6           “(2) USE OF FUNDS IN OTHER CATEGORIES.—  
7           If a State is not able to use an amount of funds to  
8           provide assistance to publicly owned treatment works  
9           in accordance with paragraph (1)(A), (1)(B), or  
10          (1)(C) because there are not sufficient applications,  
11          the State, to the maximum extent practicable, shall  
12          use that amount of funds to provide assistance for  
13          another purpose specified in paragraph (1).

14          “(3) LIMITATION ON STATUTORY CONSTRU-  
15          TION.—Nothing in paragraph (1)(A), (1)(B), or  
16          (1)(C) shall be construed to limit the amount of  
17          funds received by a State in capitalization grants  
18          under this title that may be used by the State for  
19          the purposes described in that paragraph.

20          “(b) PRECONSTRUCTION ASSISTANCE FOR SMALL  
21          TREATMENT WORKS.—

22          “(1) AUTHORITY TO MAKE PRELOANS.—Not-  
23          withstanding any other provision of this title, a  
24          State may use funds received in capitalization grants  
25          under this title for making preloans to eligible recipi-

1       ents in accordance with the requirements of this  
2       subsection.

3               “(2) ELIGIBLE USES OF PRELOANS.—A preloan  
4       received by an eligible recipient under this sub-  
5       section may be used for the following costs incurred  
6       in connection with an eligible project:

7                       “(A) Project development.

8                       “(B) Environmental studies.

9                       “(C) Legal and administrative expenses.

10                      “(D) Project design.

11                      “(E) Such other costs as the Adminis-  
12       trator determines appropriate, as prescribed by  
13       regulation.

14               “(3) INELIGIBLE USE.—A preloan received by  
15       an eligible recipient under this subsection may not  
16       be used for costs related to land acquisition.

17               “(4)     MAXIMUM     INDIVIDUAL     PRELOAN  
18       AMOUNT.—The amount of a preloan made under  
19       this subsection in connection with an eligible project  
20       may not exceed 10 percent of the estimated cost of  
21       the project.

22               “(5)     MAXIMUM     AGGREGATE     PRELOAN  
23       AMOUNT.—Not to exceed 15 percent of the funds re-  
24       ceived by a State in capitalization grants under this

1 title for a fiscal year may be used to provide  
2 preloans under this subsection.

3 “(6) REPAYMENT OF PRELOANS.—

4 “(A) IN GENERAL.—For purposes of re-  
5 payment, a preloan made to an eligible recipient  
6 in connection with an eligible project shall be  
7 treated as part of the principal amount of the  
8 primary loan made by the State for the project.  
9 Except as provided by subparagraph (B), re-  
10 payment of preloan amounts shall not be re-  
11 quired until payments begin for the primary  
12 loan amount and interest on preloan amounts  
13 shall not begin to accrue until interest begins to  
14 accrue on the primary loan amount.

15 “(B) DEADLINE FOR PRIMARY LOAN AP-  
16 PPLICATION.—

17 “(i) IN GENERAL.—If an eligible re-  
18 cipient under this subsection in connection  
19 with an eligible project does not apply for  
20 a primary loan for the project in the 3-  
21 year period beginning on the date of  
22 issuance of the preloan, the State may re-  
23 quire, at the discretion of the State, repay-  
24 ment of the preloan with interest.

1                   “(ii) EXCEPTIONS.—A State shall not  
2                   impose a penalty under clause (i) on an eli-  
3                   gible recipient that receives a preloan for  
4                   an eligible project, if the State determines  
5                   that the eligible recipient did not comply  
6                   with the 3-year deadline established by  
7                   clause (i) due to—

8                   “(I) a delay in environmental re-  
9                   views conducted by a Federal or State  
10                  agency; or

11                  “(II) insufficient funds in the  
12                  State’s water pollution control revolv-  
13                  ing fund established under this title  
14                  for the State to make a primary loan  
15                  for the project.

16                  “(7) DEFINITIONS.—In this subsection, the fol-  
17                  lowing definitions apply:

18                  “(A) ELIGIBLE PROJECT.—The term ‘eligi-  
19                  ble project’ means a project eligible for assist-  
20                  ance under section 603(c)(1) for construction of  
21                  a public owned treatment works that will regu-  
22                  larly serve 50,000 or fewer persons.

23                  “(B) ELIGIBLE RECIPIENT.—The term ‘el-  
24                  igible recipient’ means a municipality or inter-

1           municipal, interstate, or State agency seeking  
2           assistance for an eligible project.

3           “(C) PRELOAN.—The term ‘preloan’  
4           means financial assistance provided by a State  
5           from the State’s water pollution control revolving  
6           loan fund established under this title for an  
7           eligible project before approval of a primary  
8           loan for the project.

9           “(D) PRIMARY LOAN.—The term ‘primary  
10          loan’ means a loan made by a State from the  
11          State’s water pollution control revolving loan  
12          fund under this title for an eligible project after  
13          a preloan is made for that project.

14          “(c) ADDITIONAL ASSISTANCE FOR DISADVANTAGED  
15          COMMUNITIES.—

16               “(1) CRITERIA FOR DESIGNATION OF DIS-  
17          ADVANTAGED COMMUNITIES.—The Governor of a  
18          State, after providing an opportunity for public re-  
19          view and comment, may establish criteria to des-  
20          ignate disadvantaged communities that—

21                       “(A) have a population of 50,000 persons  
22                       or fewer; and

23                       “(B) would experience a significant hard-  
24                       ship raising the revenue necessary to finance a  
25                       project eligible for assistance under section

1           603(c)(1) if assistance is not provided under  
2           this subsection.

3           “(2) ADDITIONAL ASSISTANCE.—

4                 “(A) IN GENERAL.—In any case in which  
5           a State provides loan assistance to a munici-  
6           pality or intermunicipal, interstate, or State  
7           agency for a project under section 603(d), the  
8           State may provide additional assistance in con-  
9           nection with the loan if the project is to benefit  
10          a disadvantaged community identified by the  
11          State using the criteria developed under para-  
12          graph (1).

13                “(B) TYPES OF ADDITIONAL ASSIST-  
14          ANCE.—Additional assistance under subpara-  
15          graph (A) shall consist of—

16                       “(i) forgiveness of all or a portion of  
17                       the principal of the loan;

18                       “(ii) not requiring or reducing interest  
19                       to be paid in connection with the loan;

20                       “(iii) extending the loan repayment  
21                       period to not to exceed 30 years; or

22                       “(iv) any combination thereof.”.



1 **SEC. 3. APPLICATION PROCESS REFORM.**

2 (a) IN GENERAL.—Not later than 3 years after the  
3 date of enactment of this Act, the Administrator of the  
4 Environmental Protection Agency shall—

5 (1) consult with States, utilities, nonprofit orga-  
6 nizations, and other Federal agencies providing fi-  
7 nance assistance to identify ways to expedite and im-  
8 prove the application and review process for obtain-  
9 ing financing from a State water pollution control  
10 revolving loan fund under title VI of the Federal  
11 Water Pollution Control Act (33 U.S.C. 1381 et  
12 seq.); and

13 (2) take such administrative actions as the Ad-  
14 ministrator determines appropriate to expedite and  
15 improve the process.

16 (b) REPORT TO CONGRESS.—Not later than 3 years  
17 after the date of enactment of this Act, the Administrator  
18 shall submit to Congress a report that contains rec-  
19 ommendations to further expedite and improve the appli-  
20 cation and review process referred to in subsection (a)(1),  
21 including recommendations for any legislative actions that  
22 may be needed.

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